

MAXIMUM LTV/CLTV

FHA FIXED – PRIMARY RESIDENCE

LTV Limitations	# of Units	FICO	LTV/CLTV
Streamline – Credit Qualifying (Includes Manufactured Home)	1 - 4	640	97.75%
Streamline – Non-Credit Qualifying (Includes Manufactured Home)	1 - 4	640	N/A*

* Must meet [Net Tangible Benefit “NTB”](#)

LHFS Product Names and Codes

Program	Product Code	Product Detail
FHA - Streamline Fixed	WGFCQSLNA30-000	30 Year Fixed Credit Qual Streamline No Appraisal
	WGFNCQSLNA30-000	30 Year Fixed Non-Credit Qual Streamline - No Appraisal
	WGFCQSLNA15-000	15 Year Fixed Credit Qual Streamline No Appraisal
	WGFNCQSLNA15-000	15 Year Fixed Non-Credit Qual Streamline
FHA - Streamline Fixed (Manufactured Homes)	WMHFHA30NCQSLNA-000	30 Year Streamline Non-Credit Qual Streamline - No Appraisal
	MHFHA30CQSLNA-000	30 Year Credit Qual Streamline No Appraisal Standard
	WMHFHA15NCQSLNA-000	15 Year Fixed Streamline Non-Credit Qual Streamline - No Appraisal
	WMHFHA15CQSLNA-000	15 Year Fixed Streamline Credit Qual Streamline No Appraisal

** Please see temporary guidelines regarding [COVID-19](#)



COVID 19 Update

Effective for all loans on or after March 23, 2020.

Land Home Financial Services (LHFSW) is committed to providing our lending partners with the highest level of service during these unprecedented times. We are currently experiencing a large volume, and we are working diligently to provide timely service. In addition, we are implementing guidance and requirements we have been faced with from the secondary market. We are taking measures to navigate successfully during these volatile market conditions. LHFS is working with our investors as there are many issues that lack clarity which may have a negative impact on our industry and our customers due to the current economic disruption we all are experiencing. We appreciate your understanding and consideration for the actions that we must implement. The updates below have been developed to provide information on loan file documentation during the COVID-19 situation.

The following is effective immediately and will apply to all loans:

- Title requirement for all loan types:
 - Activity may proceed in counties in which the courthouse is operational, searches can still be completed online, or the county accepts E-Recording.
 - A 2006 ALTA title insurance form with Covered Risk 14 provides gap coverage for matters arising between the loan closing date and the mortgage recording date. This will be considered acceptable as long as there is no exception for this coverage under Schedule B of the policy.
 - If Covered Risk 14 is not evident, the final title insurance policy must include evidence of Gap Insurance for the time between disbursement and recording of the new deed and/or mortgage.
- Re-Verification of employment:
 - Re-verification of employment within 10 days of the Note date as described in Handbook 4000.1, is not required, provided that Broker and LHFS are not aware of any loss of employment by the borrower and have obtained:
 - For forward purchase transactions, evidence the Borrower has a minimum of 2 months of Principal, Interest, Taxes and Insurance (PITI) in reserves; and
 - A year-to-date paystub or direct electronic verification of income for the pay period that immediately precedes the Note date, or
 - A bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date.

Reference: [Mortgagee Letter 2020-05](#)



STREAMLINE YOUR BORROWERS FHA MORTGAGE

Streamline refinance refers to the refinance of an existing FHA-insured mortgage requiring limited borrower credit documentation and underwriting. Streamline refinances are available under credit qualifying and non-credit qualifying options. “Streamline refinance” refers only to the amount of documentation and underwriting that the lender must perform and does not mean that there are no costs involved in the transaction. The basic requirements of a streamline refinance are:

- The mortgage to be refinanced must already be FHA insured.
- The mortgage to be refinanced must be current (not delinquent).
- The refinance results in a net tangible benefit to the borrower. The definition of net tangible benefit varies based on the type of loan being refinanced, and the interest rate and/or term of the new loan.
- Must involve no cash back to the borrower except for minor adjustments at closing not to exceed \$500 or as limited by state law.

Investment properties (properties which the borrower does not occupy as his or her principal residence) may only be refinanced without an appraisal.

LHFS must determine that there is a net tangible benefit to the Borrower for all Streamline Refinance transactions.

WHAT ARE THE NET TANGIBLE BENEFIT REQUIREMENTS FOR AN FHA STREAMLINE REFINANCE?

A Net Tangible Benefit (NTB) is a reduced Combined Rate, a reduced term, and/or a change from an ARM to a fixed rate Mortgage that results in a financial benefit to the borrower.

Standard for Refinances without a Term Reduction or with a Term Reduction of Less Than Three Years

TPO must determine that there is a net tangible benefit to the Borrower meeting the standards in the chart below for all Streamline Refinance transactions without a reduction in term or with a reduction in term of **less than three years**.

FROM	TO
	Fixed Rate New Combined Rate
Fixed Rate	At least 0.5 percentage points below the prior Combined Rate.
Any ARM with Less Than 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.
Any ARM with Greater Than or Equal to 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.

Standard for Refinances with a Term Reduction of Three Years or More

TPO must determine that there is a net tangible benefit to the Borrower meeting the standards in the chart below for all Streamline Refinance transactions with a reduction in term of **three years or more**. Additionally, the combined principal, interest, and MIP payment of the new Mortgage must not exceed the combined principal, interest, and MIP payment of the refinanced Mortgage by more than \$50.

FROM	TO
	Fixed Rate New Combined Rate
Fixed Rate	Below the prior Combined Rate.
Any ARM with Less Than 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.
Any ARM with Greater Than or Equal to 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.



GENERAL REQUIREMENTS

Refer to HUD's 4000.1 Guide and Client Select's FHA Overlays for complete guidelines

ELIGIBILITY	<ul style="list-style-type: none"> AUS is not applicable on FHA Streamline Refinance loans. All loans are manually underwritten. FHA Insured property (including Manufactured Homes).
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> Existing mortgage must be FHA insured and must be current (not delinquent). US citizens. Permanent resident aliens with documentation. Non-permanent Resident Aliens with acceptable Visas per HUD guidelines and MUST have an EAD card. All borrowers MUST have a valid social security number. Borrower(s) can be added as long as the existing borrower(s) remain on the note and deed. Credit qualifying is not required to add a borrower. Maximum number of 4 borrowers, including accommodation mortgagors. <p><u>Ineligible Borrowers</u></p> <ul style="list-style-type: none"> Borrowers with ITIN numbers. Borrowers that are not legal residents including, but not limited to the following borrowers: <ul style="list-style-type: none"> Diplomatic Immunity/Embassy Personnel, Borrowers with deferred action status, which includes DACA, Foreign Nationals, and Borrowers with Temporary Protected Status (TPS). <p><u>Addition / Deletion of Borrowers</u></p> <ul style="list-style-type: none"> Addition of a Borrower: Permitted. Deletion of a Borrower(s): Permitted without credit qualifying if the borrower being deleted is due to divorce or death; if a borrower is being deleted due to other circumstance, the streamline refinance must be Credit Qualifying. <p><u>Occupancy</u></p> <ul style="list-style-type: none"> Owner Occupied (current utility bills needed).
CREDIT REQUIREMENTS	<ul style="list-style-type: none"> 0x30 in the past 6 months prior to new case assignment, max 1x30 in the past 12 months. Any indication of delinquent utility bills and/or unpaid late charges on the payoff demand are not acceptable. Borrowers with signs of financial distress such as recent BK, Foreclosure of other real estate owned, miscellaneous liens on title, multiple unpaid late payments on pay off demand, or delinquent utility bills will be ineligible for a mortgage only transaction. When using reduction in term as the sole basis for Net Tangible Benefit (NTB) on streamlines, any reduction in term under 60 months (5 years) is considered on a case-by-case basis only. <p><u>Credit Qualifying</u></p> <p>A credit qualifying streamline refinance is required:</p> <ul style="list-style-type: none"> When a change in the mortgage term will result in an increase in the mortgage payment of more than 20%. When deleting a borrower or borrowers from title that occurred less than 6 months previously. Following the assumption of a mortgage that occurred less than six months previously such as in a property transfer resulting from a divorce or death. <p>For Credit Qualifying loans:</p> <ul style="list-style-type: none"> A credit report and capacity analysis are required. 31%/43%. Housing ratios exceeding 31% may be acceptable only if there are significant compensating factors as defined by FHA in the FHA Single Family Handbook. Determine that the borrower will continue to make mortgage payments. At least 1 borrower from the existing mortgage must remain as a borrower on the new mortgage. <p><u>Non-Credit Qualifying</u></p> <ul style="list-style-type: none"> Mortgage only credit report with credit scores (minimum score of 640). Appraisal – Not Applicable.



GENERAL REQUIREMENTS - CONTINUED

Refer to HUD's 4000.1 Guide and Client Select's FHA Overlays for complete guidelines

INCOME (APPLICABLE TO CREDIT QUALIFYING)	<ul style="list-style-type: none"> Salaried borrowers require a Verbal VOE prior to closing. Self-employed borrowers require verification of the business through a 3rd party source. Retirement and/or social security income requires the most recent bank statement or award letter. Validated IRS Transcripts are not required.
ASSETS	<ul style="list-style-type: none"> If cash to close exceeds new PITIA, validation of assets are required (in accordance with FHA HUD 4000.1 Sources of Funds). <ul style="list-style-type: none"> Gift funds Allowed. Documentation required is as follows. <ul style="list-style-type: none"> Gift donors cannot be on title or purchase contract as they do not meet the definition of "Gift" per agency definition. VOD's are not acceptable for asset documentation alone. Most recent bank statement.
TITLE	<ul style="list-style-type: none"> Any borrower holding title only must be a legal U.S. Resident. Revocable Trusts (Living Trust) may be eligible on a case-by-case basis. <ul style="list-style-type: none"> Split vesting is not allowed. Vesting must be 100% in a trust or 100% individual. May be allowed on conforming conventional loans on an exception basis. Title report may not be over 90 days old at the time loan docs are prepared. Power of Attorney (POA's) are eligible on purchase and rate/term transactions only. Subordinate Financing: <ul style="list-style-type: none"> New subordinate financing is not permitted on refinance transactions. All mortgages on the property collectively may not exceed the FHA Nationwide Mortgage Limit for the area in which the property is located in. Permitted for closing costs and/or down payment but must conform to the above CLTV limitations. Texas – Payoff of subordinate financing used for purchase or home improvements or the subordination of a second can be done as long as the first mortgage was not a home equity/cash-out Section 50(a)(6) loan. <ul style="list-style-type: none"> No negative amortization on the subordinate financing. The repayment terms of the subordinate must provide for regular payments that cover no less than interest due. The interest rate on the subordinate should be less than the rate on the first Should not restrict the borrower from selling the property.
MAXIMUM LOAN AMOUNT	<p>For owner-occupied Principal Residences and HUD-approved Secondary Residences, the maximum Base Loan Amount for Streamline Refinances is:</p> <ul style="list-style-type: none"> The lesser of: <ul style="list-style-type: none"> The outstanding principal balance of the existing Mortgage as of the month prior to mortgage Disbursement; plus: Interest due on the existing Mortgage; and MIP due on existing Mortgage; or The original principal balance of the existing Mortgage (including financed UFMIP); Less any refund of UFMIP (if financed in original Mortgage).
MAXIMUM CASH BACK TO BORROWER(S)	<ul style="list-style-type: none"> Streamline refinances are designed to lower the monthly principal and interest (P&I) on a current FHA mortgage and must involve no cash back to the borrower except for minor adjustments at closing not to exceed \$500 or as limited by state law.
SEASONING	<ul style="list-style-type: none"> On the date of the FHA case number assignment: <ul style="list-style-type: none"> The Borrower must have made at least six payments PRIOR to the case # assignment date on the FHA-insured Mortgage that is being refinanced; At least six full months must have passed since the first payment due date of the Mortgage that is being refinanced; At least 210 Days must have passed from disbursement date; and If the Borrower assumed the Mortgage that is being refinanced, they must have made six payments since the time of assumption.



GENERAL REQUIREMENTS - CONTINUED

Refer to HUD's 4000.1 Guide and Client Select's FHA Overlays for complete guidelines

<p>SUBORDINATE FINANCING</p>	<ul style="list-style-type: none"> Loans with Subordinate Financing: The maximum HCLTV is based on the Total Loan Amount plus subordinate financing divided by the "Original Property Value" reflected in FHA Connection Refinance Credit Query Results. In addition, all loans with subordinate financing must comply with FHA maximum. New subordinate financing is not permitted. 		
<p>OTHER CONSIDERATIONS</p>	<ul style="list-style-type: none"> LHFS Does not accept Transferred Case Numbers Maximum days allowed for seller rent back 60 days. All loan documentation should not be over 90 days old at submission. Property Assessed Clean Energy (PACE) aka: Home Energy Renovation Opportunity (HERO) subordination not permitted. Must be paid in full prior to closing. Temporary Buy down loans not permitted. All HPML loans must pass Safe Harbor in order to be eligible for closing. Base Loan amounts exceeding the "Standard" Loan Limits are considered "High Balance" Rate & Term and Cash-Out Refinance: <ul style="list-style-type: none"> Delinquent Interest may not be included. The Refinance does not permit a borrower to obtain cash back by not making a mortgage payment when due. Many subordinate lien holders request modifications to the terms of the lien (typically a reduction in the amount of the lien) in exchange for remaining in a subordinate position. Modifying a subordinate lien in this manner often results in re-executing the lien at closing, which is acceptable. In this case, FHA does not consider this a new subordinate lien. 		
<p>PROPERTY COLLATERAL</p>	<ul style="list-style-type: none"> Appraisal is not required. "Original Property Value" reflected in FHA Connection Refinance Credit Query Results. <p><u>Expired appraisals will not be accepted.</u></p> <p>Exception:</p> <ul style="list-style-type: none"> If an appraisal update is performed prior to expiration date. When the Clear to Close has been issued the D.E. Underwriter may extend the appraisal expiration date by 30 days. New 92900.5B must be completed and new LT noted. <p><u>Ineligible Properties / Locations:</u></p> <ul style="list-style-type: none"> LHFS does not offer financing to properties that are secured by community land trusts (i.e., Illinois Land Trust). Co-ops. 2-4 Units in the state of New Jersey. Mixed-Use. Working farms/ranches. Texas (a)(6) cash-out refinance. Unincorporated territories of the United States (borrowers and properties) are ineligible for financing. <ul style="list-style-type: none"> Puerto Rico, US Virgin Islands, Guam, American Samoa, and Swains Island. 		
<p>HELPFUL LINKS</p>	<table border="0"> <tr> <td data-bbox="446 1533 1047 1827"> <p><u>Land Home Financial Additional Resources:</u></p> <ul style="list-style-type: none"> eXPRESS LHFSWholesale.com FHA Submission Checklist (LHFS Disclosed) FHA Submission Checklist (TPO Partner Disclosed) Net Tangible Benefit Form COVID 19 </td> <td data-bbox="1047 1533 1534 1827"> <p><u>Agency Guidelines:</u></p> <ul style="list-style-type: none"> FHA Guide FHA Mortgage Limits FHA FAQ Preview FHA FAQ FHA Approved Condo Lookup FHA Approved Condo Questionnaire </td> </tr> </table>	<p><u>Land Home Financial Additional Resources:</u></p> <ul style="list-style-type: none"> eXPRESS LHFSWholesale.com FHA Submission Checklist (LHFS Disclosed) FHA Submission Checklist (TPO Partner Disclosed) Net Tangible Benefit Form COVID 19 	<p><u>Agency Guidelines:</u></p> <ul style="list-style-type: none"> FHA Guide FHA Mortgage Limits FHA FAQ Preview FHA FAQ FHA Approved Condo Lookup FHA Approved Condo Questionnaire
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Each loan files layers of risk (i.e., payment shock; gift funds; assets/reserves not verified; multiple layers of risk, etc.) may require additional documentation or explanations above and beyond the AUS requirements (i.e., rental history; budget letters; excessive commute detail, etc.).

Guidelines are for use by mortgage professionals only and subject to change without notice.

